

thereunder applicable to a national securities exchange, and, in particular, the requirements of Section 6(b)(5) of the Act.<sup>18</sup> Additionally, the Commission notes that implementation of this proposed rule change is contingent upon the Commission's receipt of OPRA's representation that it has adequate systems capacity to process quotations and trades in the proposed 3D JY Options.<sup>19</sup>

The Commission finds good cause for approving Amendment No. 2 to the proposed rule change prior to the thirtieth day after the date of publication of the notice thereof in the Federal Register. In Amendment No. 2, the Phlx represented that the provisions for calculating and disseminating the settlement value for the 3D Japanese yen options will be exactly the same as used for the 3D German mark options. The Commission believes that because the provisions for calculating and disseminating the settlement value for the 3D Japanese yen options will be exactly the same as used for the 3D German mark options, and contain adequate back-up procedures in case of system failure or other problems, no new regulatory issues are raised. Accordingly, the Commission believes that it is consistent with Sections 6(b)(5) and 19(b)(2) of the Act to approve Amendment No. 2 to the Phlx proposal on an accelerated basis.

#### V. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning Phlx Amendment No. 2. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to SR-Phlx-95-42 and

should be submitted by December 20, 1995.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>20</sup> that the proposed rule change (File No. SR-phlx-95-42), as amended, is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>21</sup>

Margaret H. McFarland,

*Deputy Secretary.*

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[Release No. 34-36501; File No. SR-PHLX-95-50]

#### Self-Regulatory Organizations; Order Approving Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to PHLX Rule 722, "Margins"

November 21, 1995.

On July 3, 1995, the Philadelphia Stock Exchange, Inc. ("PHLX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposal to amend PHLX Rule 722(c)(6), "Time Within Which Margin or 'Mark-to-Market' Must Be Obtained," to reduce from seven business days after the trade date to five business days after the trade date the time in which a customer must either pay for a long foreign currency option ("FCO") position or post initial margin for a short FCO position.

Notice of the proposed rule change appeared in the Federal Register on August 24, 1995.<sup>3</sup> No comments were received on the proposal.

Currently, PHLX Rule 722(c)(6) provides that margin for a short FCO position in a customer account or full cash payment for a long FCO position in a customer account must be obtained within seven business days following the date on which the customer enters into the FCO position. Recently, the Board of Governors of the Federal Reserve System ("Board") amended Regulation T under the Act to reduce from seven business days after the trade date to five business days after the trade date the amount of time in which a customer must meet initial margin calls or make full cash payment for securities.<sup>4</sup> To be consistent with

Regulation T, as amended, the PHLX proposes to amend Exchange Rule 722(c)(6) to reduce from seven business days to five business days the time in which a customer must either pay for a long FCO position or post initial margin for a short FCO position.

According to the PHLX, T + 3 has impacted securities trading in many ways, primarily in the systems and procedures utilized by broker-dealers, exchanges, and clearing agencies. In addition, the Exchange states that PHLX Rule 722 has been impacted by T + 3. Specifically, PHLX Rule 722(c)(6) currently provides that FCO margin and cash payment must be obtained as promptly as possible but before the expiration of seven full business days following the trade date. This time period was originally established by allowing two days after the standard securities settlement time (prior to the effective date of Commission Rule 15c6-1) of five business days ("T + 5"). Within T + 5 reduced to T + 3, the Exchange proposes to conform its FCO margin rules to the reduced five business day time period by which margin or cash payment must be obtained on securities, including FCO options, pursuant to Regulation T.<sup>5</sup>

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b)(5)<sup>6</sup> in that it is designed to protect investors and the public interest and to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities. Specifically, the proposal will make PHLX Rule 722(c)(6) consistent with Regulation T, as amended, which is in effect for FCOs as well as for other securities options, and provides that a margin call must be satisfied within one payment period (*i.e.*, five business days) after the margin

period after the margin deficiency was created or increased. Under Regulation T, a "payment period" is the number of business days in the standard securities settlement cycle in the United States, as defined in SEC Rule 15c6-1 under the Act, plus two business days. As of June 7, 1995, SEC Rule 15c6-1 establishes a standard three business day settlement cycle for most securities transactions in the United States ("T + 3"). Accordingly, after June 7, 1995, the payment period for satisfying a margin call under Regulation T is five business days.

<sup>5</sup> See note 4, *supra*. The Commission notes that PHLX Rule 722(c)(6) establishes a maximum time period for the payment of margin. According to the PHLX, most Exchange members require payment for long FCO positions or margin for short FCO positions by the date following the trade.

<sup>6</sup> 15 U.S.C. § 78f(b)(5) (1982).

<sup>20</sup> 15 U.S.C. 78s(b)(2).

<sup>21</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988 & Supp. V 1993).

<sup>2</sup> 17 CFR § 240.19b-4 (1994).

<sup>3</sup> See Securities Exchange Act Release No. 36114 (August 17, 1995), 60 FR 44098.

<sup>4</sup> Regulation T, as amended, provides that a margin call must be satisfied within one payment

<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> See *supra* note 13.

deficiency was created or increased. When the PHLX originally proposed margin requirements for FCOs, the Exchange incorporated the seven business day margin posting rule then required under Regulation T.<sup>7</sup> Since the Board has decreased the Regulation T payment period, the Commission believes that it is reasonable for the PHLX to make a corresponding amendment to PHLX Rule 722(c)(6) so that the PHLX's rule will continue to be consistent with Regulation T.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> that the proposed rule change (SR-PHLX-95-50) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority:<sup>9</sup>

Margaret H. McFarland,  
*Deputy Secretary.*

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[Release No. 34-36506; File Nos. SR-SCCP-95-04 and SR-Philadep-95-06]

**Self-Regulatory Organizations; Stock Clearing Corporation of Philadelphia and Philadelphia Depository Trust Company; Notice of Filing of Proposed Rule Changes Seeking Authority to Release Clearing Data Relating to Participants**

November 22, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 7, 1995, the Stock Clearing Corporation of Philadelphia ("SCCP") and the Philadelphia Depository Trust Company ("Philadep") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes (File Nos. SR-SCCP-95-04 and SR-Philadep-95-06) as described in Items I, II, and III below, which items have been prepared primarily by SCCP and Philadep. On August 17, 1995, SCCP and Philadep each filed an amendment to its proposed rule change to clarify the parties to whom SCCP and Philadep will release clearing data and to define the term "clearing data".<sup>2</sup> On September 25, 1995, SCCP and Philadep each filed a second amendment to its proposed rule change to supersede the

prior amendments.<sup>3</sup> On November 16, 1995, SCCP and Philadep each filed a third amendment to its proposed rule change to make certain technical corrections.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons.

**I. Self-Regulatory Organizations' Statement of the Terms of Substance of the Proposed Rule Changes**

The purpose of the respective proposed rule changes is to modify SCCP Rule 28 and to add Rule 32 to Philadep's rules to authorize SCCP and Philadep to release data relating to their respective participants' clearance and settlement activities.

**II. Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes**

In their filings with the Commission, SCCP and Philadep included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments they received on the proposed rule changes. The text of these statements may be examined at the places specified in Item IV below. SCCP and Philadep have prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.<sup>5</sup>

**(A) Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Changes**

The purpose of the respective proposed rule changes is to modify SCCP Rule 28 and to add Rule 32 to Philadep's rules to authorize SCCP and Philadep to release data relating to their respective participants' clearance and settlement activities. SCCP and Philadep receive transaction data and other data relating to their participants in the normal course of business. The rule changes set forth SCCP's and Philadep's obligations to preserve their participants' rights with respect to such data and the conditions under which SCCP and Philadep will disclose such data.

The proposed rules will permit SCCP and Philadep to disclose such data to regulatory organizations, self-regulatory

organizations, clearing organizations affiliated with or designated by contract markets trading specific futures products under the oversight of the Commodity Futures Trading Commission, and others under certain conditions. The proposed rule changes generally provide that the release of a participant's clearing data shall be conditioned upon either the submission of a written request or the execution of a written agreement.<sup>6</sup> The proposed rules also define "clearing data" to mean transaction and other data which is received by SCCP and Philadep in the clearance and/or settlement process or such data, reports, or summaries which may be produced as a result of processing such data.

The proposed rule changes also will facilitate SCCP's and Philadep's participation in the National Securities Clearing Corporation's ("NSCC") Collateral Management Service ("CMS").<sup>7</sup> The proposals will enable SCCP and Philadep to provide information regarding their respective participants funds, including excess or deficit amounts, and to provide comprehensive data on underlying collateral to NSCC for inclusion in the CMS. Participants of SCCP and Philadep that desire access to the CMS data will be required to execute a CMS participation application.

SCCP and Philadep believe the proposed rule changes are consistent with Section 17A of the Act and the rules and regulations thereunder because the rule proposals should help to safeguard securities and funds in their custody or control or for which they are responsible.

**(B) Self-Regulatory Organizations' Statement on Burden on Competition**

SCCP and Philadep do not believe that the proposed rule change will impact or impose a burden on competition.

**(C) Self-Regulatory Organizations' Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others**

No written comments have been solicited or received. SCCP and Philadep will notify the Commission of

<sup>7</sup> See Securities Exchange Act Release No. 19313 (December 8, 1982), 47 FR 54591 (December 17, 1982) (order approving File No. SR-PHLX-81-4).

<sup>8</sup> 15 U.S.C. § 78s(b)(2) (1988).

<sup>9</sup> 17 CFR 200.30-3(a)(12) (1994).

<sup>1</sup> 15 U.S.C. 78s(b)(1) (1988).

<sup>2</sup> Letter from Sharon S. Metzker, Staff Counsel, SCCP and Philadep, to Peter R. Geraghty, Senior Counsel, Division of Market Regulation ("Division"), Commission (August 15, 1995).

<sup>3</sup> Letter from Sharon S. Metzker, Staff Counsel, SCCP and Philadep, to Peter R. Geraghty, Senior Counsel, Division, Commission (September 22, 1995).

<sup>4</sup> Letter from Sharon S. Metzker, Staff Counsel, SCCP and Philadep, to Christopher Concannon, Division, Commission (November 16, 1995).

<sup>5</sup> The Commission has modified the text of the summaries submitted by SCCP and Philadep.

<sup>6</sup> As self-regulatory organizations, SCCP and Philadep are authorized to cooperate and share data with other regulatory or self-regulatory organizations for regulatory purposes.

<sup>7</sup> Generally, the CMS will provide participating participants and clearing agencies with access to information regarding clearing fund, margin, and other similar requirements and deposits. For a complete description of the CMS, refer to Securities Exchange Act Release No. 36091 (August 5, 1995), 60 FR 30912 [File No. SR-NSCC-95-06] (order approving the CMS).